

**NORTH PARK REDEVELOPMENT
PROJECT AREA COMMITTEE (PAC)
MEETING MINUTES**

Tuesday, August 9, 2011

Orleans Room, Lafayette Hotel, El Cajon Blvd, San Diego, CA 92104

Comments and PAC actions relating to items on today's agenda are noted herein.

I. ROLL CALL & INTRODUCTIONS

Chair Lewis, convened the meeting at 6:01 p.m.

David Cohen	Present	Lachlan Oliver	Absent
Patrick Edwards	Present	Robert Steppke	Present
Don Leichtling	Present	Mark Stern	Present
Roger Lewis	Present	Jennifer Litwak	Absent
Lucky Morrison	Present	James Tinsky	Absent
Judi O'Boyle	Present	Mary Wilkinson	Absent

II. ADOPTION OF AGENDA

Motion (O'Boyle/Leichtling): *Approve the agenda with no changes.*

Passed (8-0-0)

III. APPROVAL OF MINUTES

Tabled until Sept meeting.

Motion (/): .

Passed (11-0-0)

IV. ELECTED OFFICIALS REPORTS

Anthony Bernal, Council District 3 staff, reported the city has lost 3 officers in the last month. He noted council approved the Plaza de Panama MOU to explore different alternatives to the pedestrian bridge. Lastly he noted among some local streets parts of Boundary are being repaved.

V. PUBLIC COMMENT

O'Boyle informed that SOHO is soliciting contributions for it's legal action against the Plaza de Panama MOU.

Dave Gatzke, representing Community Housing Works informed the PAC that they had broken ground on Florida St. 83 affordable housing unit rental project. He noted that Mark Steele had designed the exciting building and that they will be responsive to the community for construction related noise. Groundbreaking will be held when the garage deck is poured. Project also being renamed "KALOS". He stated they are hope they will be able to return some of the money to the PAC for other affordable housing projects in the future. Sylvia Martinez is the project

manager. Contact number is on the construction sign, twitter, and eblast.

VI. CHAIR'S REPORT

Chair Lewis noted no additional information aside from that which will be covered in the following items.

VII. ACTION/DISCUSSION ITEMS

A. Recommendations on Proposed FY 2012 Budget Amendments to Include Remittance to the City to Allow for an Exemption to Elimination of the Redevelopment Agency if Voluntary Payments Are Made to the State

Lengyel (Agency) reported the North Park portion of payment to the state for 2012 is \$2.7M for the opt in ordinance. The first payment installment is due in January and the second in May. PAC doesn't have enough money from the taxable bond proceeds to do all the projects. FY12 forecast review: Added \$112K back from the storefront improvement program resulting in \$1.4M carry over total. Expenses: \$1.4M tax sharing. Noted personnel cut \$100K because of Michelle Rosenthal position not being replaced. Total usable is \$501K for projects in FY12. \$269 from low mod set aside. Getting almost double that for the HELP project. City remittance payment for FY13 is smaller.

Public Comment: None .

PAC Discussion: **Steppe** asked to clarify where the 2.7M was coming from. **Lengyel** explained \$2.1M from tax increment/bonds fund, \$269K paid to the state to come out of the low mod set aside, with some from college area. **O'Boyle** asked that if the agency expenses were cut because of Michelle's position, does our payment made go down as a result. **Lengyel** answered payments are mostly based on the tax increment not the position. **Edwards** noted AB27 – does it allow low mod funds be available. **Lengyel** responded the Council made the finding that it's ok. **Stern** asked if unallocated tax-exempt funds would still be available? **Lengyel** answered yes, these funds are for public improvements. **Lewis** added that last month PAC voted that the Woolworth project goes forward as originally stated and the agency agreed to do the public improvements for \$100K. **Lengyel** gave the following detailed breakdown of allocations in question: \$100K for CPU is for streetcar feasibility update but can delay the analysis until FY13 if we want; Media Arts Center Loan agreements are drafted and ready to move forward; Art Produce, ready to go; Queen B, ready to go; Community Enhancement Program has been on hold could be candidate to delay a year; Surface parking lot fence at \$11K is a small project; El Cajon BID PROW we will know next month if they want to move forward; and Storefront Improvement to date only Ranchos, Fiesta Market had indicated interest.

Lewis asked for comments from and question on individual project noted to be directed to representatives/coordinators in attendance.

Media Arts Center San Diego, Exec. Dir. Ethan _____, addressed the PAC first noting it had been 1 year since redevelopment approved the assistance and they are dealing with an owner that won't sign a lien on the deed of trust. He noted MACSD had received \$200K from a CDC small business loan. **Lengyel** noted they had asked building owner to accept a city lien on the deed of trust, because the owner is the beneficiary of the improvements. As that has been rejected the agency is open to look at different structures. **Morrison** asked what were basics of the lease. **Ethan** explained it is a 5-year lease with 5-year option. **Stern** asked If PAC were to come up with some of the money, could they still do the project. **Ethan** explained addressing ADA and security issues would be helpful. **Stern** asked if purchasing the building was

still an option? Ethan noted the owner said yes than he said no. Edwards commented the PAC has a fiduciary duty for public funds, and can't give the funds to the tenant if the owner would benefit and not the tenant. Steppke agreed with Edwards and asked if they would or could get a 10 year lease. Lengyel said that the deed of trust is not iron clad. O'Boyle expressed that if we are building ADA bathrooms, whether MACSD remains there or not, it is a community benefit. Cohen noted the owners are the Saelim Trust and they have owned the building for almost 2 years and had paid \$650K for the building. Lengyel noted the deed request request is in the event of default the city can pursue to get the balance paid off and if a new tenant comes in, they can accept the terms of the agreement. Leightling asked MACSD if they could sublease the space to which MACSD answered yes. Stern asked if MACSD would be willing to relieve the owner, by putting in the lease to take responsibility for the forgivable loan. Lewis noted regardless of action the PAC would not be able to fund the entire project without taking from some other projects. He also noted that small projects, even to receive \$35K for the storefront improvement program requires such a lien agreement from the owner. And asked if there was any amount that we could fund without getting the owner to sign on. Lengyel responded that even \$20K loan has a lien and reaffirmed the other 2 projects have liens on their deeds of trust. Lewis asked if the owner had been asked to agree to any variations. MACSD responded the owners Ethan answered the owner is not really willing to sign anything. Lewis asked if MACSD had any other money that is out there to address the \$350K in improvements. MACSD answered they did not. Lewis asked what is the estimated cost solely for the bathrooms and security. MACSD answered \$35K for plumbing and not sure but perhaps \$20K for security.

Arts Produce San Diego, Owner Lynn Susholtz, addressed the PAC next noting it was interesting to see both sides as an owner and a business owner also noting it has taken a long time to get the documents drafted. She as an owner is also concerned about the 10-year lien noting that 5 years makes a lot more sense to her. She noted concern though about slowing up the project and some specific project technical requirements concerns that didn't make sense. She noted she is acting as her own contractor on the project. Stern asked if the loans structures we are considered are such that they are willing to subordinate to an incoming loan? Lengyel responded that they are, the agency is pre-subordinating and that the terms are for 10 years as forgivable although it can be paid it off early. Lewis recommended the PAC give recommendations to direct the agency and asked Susholzt where she was in terms of outlay? Susholzt responded she has funded 80% to date and is waiting for the install of the solar panels.

PAC Discussion: Stern asked to be reminded about the community enhancement program. Lewis responded noting the program was to fix up single-family homes for disabled people/older low-income resident and involved association with a local non-profit that was no longer in the mix. Leightling asked if we could borrow from project area fund areas to cover the shortfall. Lengyel answered we could not, that we need to come up with \$348K. Leightling suggested taking \$100K from the community plan update and \$110K from storefront improvement program suggesting that the pain be shared with people that have big numbers, e.g. 300 instead of 350. Also stated that when things take a lot of time to get done, there is a really big cost and he'd like to see someone from Legal come in here and explain why it takes too long. If Media Arts can show that they will be there for 10 years, we should be able to let them be there. Morrison stated he found himself feeling the same situation as Rewards regarding our fiduciary responsibility for public funds. Stern suggested cutting funding for Community Plan Update, Community Enhancement, and Storefront Improvement, would only leave us \$20K shy for Media Arts Center if Media Arts Center can make the commitment. Edwards favored dropping \$100K from Community Plan, \$100K from Community Enhancement, \$110K for storefront improvement, \$40K for Media Arts Center but he cannot support just giving it to a tenant. Steppke recommended delaying \$100K for Community Plan, \$110K from Storefront, \$100K from Community Enhancement and

shave 5 – 10% off the others to make the budget. He also noted he felt the city services fees were high. O'Boyle asked how much money MACSD had invested in the building. MACSD responded about \$25K and renting at \$0.60 per square foot. O'Boyle noted it was a sickening decision for her as it is the property owners create blight and while not being a lawyer, she doesn't understand without eminent domain how we can make property owners responsible. She suggested taking away the Street Car study, \$25K from Media Arts center, taking nothing from Art Produce or Queen B, ½ from community enhancement and all of the EC PROW and Storefront.

Cohen recommended removing the \$100K Community Enhancement, Delay the \$100K for Community Plan and keep the Storefront Improvement. Lewis asked regarding the \$100K for the CPU-Street Car why is that would not be related to public transportation and as such, why we couldn't fund it from the Tax Exempt Bond proceeds. Lengyel responded he would look into that potential that is might well be possible. Lewis supported importance of keeping storefront improvement for it's direct visible impact and the Street Car study as a big economic generator so suggested using \$100K from tax exempt bond proceeds otherwise delay and eliminate the Community Enhancement Program and delay \$150K from MACSD such that all others including some to MACSD could go forward. O'Boyle asked how much of the storefront improvement is allocated? Lengyel replied done at this time as the work of Ranchos and Fiesta market is not in the \$110K. Leightling asked how time sensitive is this decision. Lengyel noted the first payment can be covered so we really need to get it done by May 2012.

Motion (Edwards/Lewis): *Direct Staff to investigate distributing the \$100K for community plan from public infrastructure bonds proceeds. Meet with Media Arts Center owner to negotiate deed of trust. Community Enhancement Program is delayed and report back for final decision.*

Discussion: Edwards and Stern reiterated and Lengyel agreed to continue working on Art Produce and Queen Bees.

Passed (8-0-0):

B. North Park Parking Garage Occupancy Report and Presentation by Ace Parking on Parking Garage Operations and Staffing Recommendations

Ace Parking presented:

- Came here to save us money not ask for money.
- They administer parking officers and put up meters.
- Operate on foot and a smart car.
- Indemnified by the city
- 3rd avenue BID in Chula Vista.
- Presented the findings
- Sunday – Wednesday mostly daytime parkers.

Public Comment: If the automated system doesn't work, is there a backup plan. ACE: There is an intercom, 24 hours a day. Anthony Bernal (CD3) asked if there are cameras there? ACE: Yes.

PAC Discussion: Morrison asked for stats on break-ins. ACE: Have had 1 or 2 broken into in 3 months since taking over. ACE: Need more signs. Sterns expressed report is best news since he's heard in his time on the PAC. Edwards indicated he had read analysis of all the parking studies and the report was very comprehensive and noted parking meters in North Park are going to be tough for City Council to agree to. Steppke asked what would be the shift times? O'Boyle: noted she thought it was a great survey and had passed it on to Todd Gloria. Lengyel noted Bud Fisher has 35

spaces, Lewis disclosed his position sitting on the Mayor's parking management board and suggested it is important that signage says when you can use cash – attendant or no attendant. He also noted that Heaven Sent Desserts wasn't approached. Cohen noted neither was West Coast Tavern. Lewis questioned that if nobody is in both (on break) what is the security coverage then? ACE: No issues when security is not there. Security is there Thurs, Fri, and Saturday 7pm-3am. Lewis reminded PAC that parking management plan calls for a pilot metering program and is working with city for one on 30th street. City Policy if you get a percentage of businesses, you don't have to go to council. Suggested a possibility of using ACE for enforcement and would take that to parking board. Bernal (CD3) asked where the nearest manned station was. ACE: Washington at the medical center. Leightling suggested not posting the hours of manned post for security reasons. O'Boyle asked when the signs are going up on the garage. Lengyel responded in October.

Motion (Leichtling / Stern): *Accept the recommendations.*

Passed (8-0-0):

C. Formation of an Ad-Hoc Subcommittee to Assist Staff with Preparation of the FY13-FY17 Draft Five-Year Implementation Plan

Tabled to future meeting. Lengyel to e-mail the existing plan to PAC members

VIII. SUBCOMMITTEE/LIAISON REPORTS

A. Maintenance Assessment District (MAD)

Steppeke reported 1500 allocated for recycle bins on El Cajon and noted overlay MAD was defeated which would have provided maintenance for the theater park..

B. Project Area Improvements

Wilkinson reported changes to Boundary Street Improvements, to lower the cost with CA natives and drought resistant. SDGE Building on Boundary Street & El Cajon Blvd. worth talking to management about cleaning up the building and suggesting up lighting.

C. North Park Community Plan Update

Lewis reported no, city still working on draft.

D. Green/Sustainability Initiatives

Tinsky reported no update.

E. Multi-Family Development

Stern reported they had finalized the flyer that is going out. Waiting to see if we have applicants for the program. Similar notice as the green subcommittee.

F. North Park Mini-park

Lewis reported that a conference call is to take place on Wednesday with MIG, discussing the maintenance contract.

IX. IX STAFF REPORTS/PROJECT UPDATES

A. Potential Effect of Ratified State Bills to Eliminate Redevelopment and to Provide Exemption upon Voluntary Payments to the State

Lengyel reported city is making payment to the State under protest.

B. Update on Potential Restructuring of Redevelopment

Lengyel reported that restructuring is ongoing discussion at council sub-committee as implications with state progress.

C. Other

Brief Q&A regarding sale of NP Theater. Leichtling asked if PAC had ability to approve any new owner and what about the loan. Lengyel responded no on approval and that a new owner has option of paying loan or assuming based upon agency approval. Edwards offered that there had been one offer that was countered but it had ended there.

X. REQUESTS FOR NEXT AGENDA

- A.** Continue discussion on funding priorities
- B.** Item C from August Agenda
- C.** Bylaws sub-committee

XI. XI. ADJOURNMENT

Motion to adjourn: (Stern / Leichtling) 8:33 pm
Passed (8-0-0)